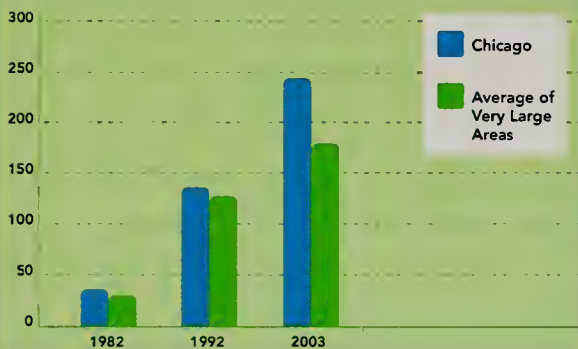


RTA

WHAT'S NEXT?

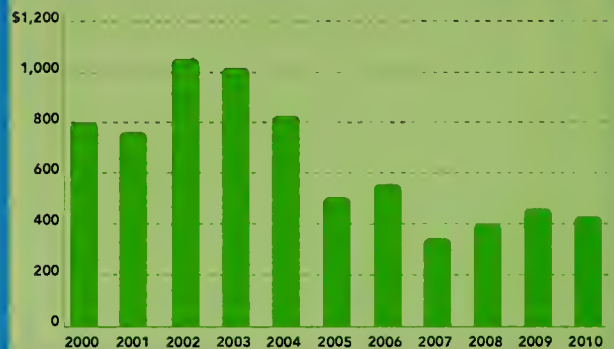
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GROWTH IN ANNUAL DELAY (in millions of hours)



Growing Need Public transportation reduces the congestion caused by the region's growth. Area residents and other travelers now spend more than 250 million hours each year stuck in traffic – the nation's third-worst metropolitan travel delay.

DECLINING RTA CAPITAL PROGRAM (in millions)

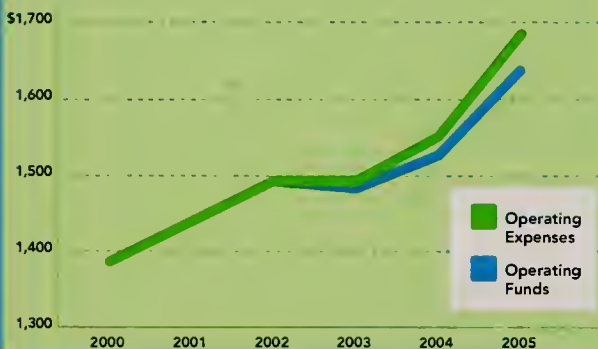


Declining Capital While the need is growing, the RTA's capital program has declined every year since 2002. There are no funds to address hundreds of millions in deferred capital needs and no funds for new expansion.

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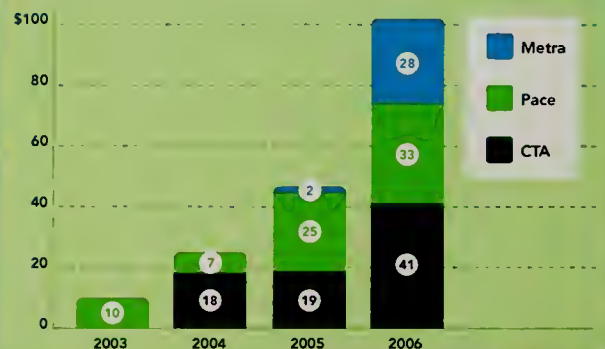
moving

OPERATING COSTS VERSUS FUNDS (in millions)



A Crisis Point Operating costs such as fuel, security, healthcare, insurance and paratransit service have skyrocketed in recent years – outpacing operating funds.

DIVERSION FROM CAPITAL PROGRAM (in millions)



Shortchanging the Future To balance their operating budgets, the Service Boards have had to divert capital funds to operations, reducing the resources devoted to maintaining the RTA system's infrastructure, an asset valued at \$27 billion.

BEYOND GROWTH TO STABILITY

With broad support from government and business leaders, commuters and community residents, the RTA is working to solve a funding crisis, ensure its financial viability, and meet the region's growing – and changing – public transportation needs. Together, we're moving forward.

John Stroger, Chairman, Cook County Board of Commissioners "A good transit system serves all the people. It is essential that we adapt our public transit system to connect workers to jobs throughout the region."

Robert Schillerstrom, Chairman, DuPage County Board "How we approach, develop, govern and fund public transit will define our region's economic future for decades to come. It is vital that we make the right choices."

Karen McConnaughey, Chairman, Kane County Board "Transit is an essential tool to managing growth. We need to plan for transit as development occurs so that we can mitigate congestion, improve air quality and provide alternatives to the single-occupancy vehicle."

forward

Suzi Schmidt, Chairman, Lake County Board "Traffic congestion continues to be the top factor affecting the quality of life for businesses and residents. We need to provide commuting options that help reduce congestion by giving people viable alternatives to driving."

Ken Koehler, Chairman, McHenry County Board "Without public transit, we will not continue to grow as we have. Our goal is to plan appropriately so that access to transit grows alongside our communities."

Lawrence M. Walsh, Will County Executive "It is critical that our residents have an efficient and reliable transportation network. The RTA's value is that it facilitates inter-jurisdictional planning to meet our ever-expanding transportation needs."

The Regional Transportation Authority (RTA) provides funding, planning and fiscal oversight for transit operations in the six-county northeastern Illinois region. The RTA oversees the three independent service boards responsible for the Chicago Transit Authority, Metra commuter rail service and Pace suburban bus service.

WHAT'S NEXT AT THE RTA?

A crisis demands united action. A new vision points the way ahead.

Working in support of our three independent Service Boards, we have continued to enhance public transit across the six-county Chicago metropolitan area. Metra kicked off service on two line extensions and doubled capacity on another. The CTA completed the redevelopment of two of its rail rapid transit routes. The suburban bus service, Pace, added a number of new routes and expanded its fleet.

We made progress in other areas as well. Stephen E. Schlickman, a transportation consultant with more than 25 years of experience in public transportation, joined us as Executive Director in September. We continued to work to improve the system's operating performance and to control costs, and we continued to set high standards for financial management. In fact, our AA bond rating is the best of any transportation authority in the country.

Our recent performance shows that the RTA has been a good steward of the nation's second-largest public transportation system. Yet that is no longer enough. As rising traffic delays show, the need for public transportation continues to grow, and rising gasoline prices, increased environmental concerns and the disruptions caused by major highway construction projects will increase demand even more.

At the same time, however, we face the worst funding crisis since 1983. Operating funding is not keeping up with costs for fuel, paratransit services and insurance, and we have had to shift scarce capital funds, provided for long-term improvements, to cover operating deficits at all three Service Boards. Yet even that is not enough. With the expiration of all state transit capital programs, our capital funding has been cut in half. We are short roughly \$600 million of the funds required simply to maintain our present system, and there are no

funds for expansion projects to help alleviate the congestion that is weakening our area's economy, environment and quality of life.

The need is urgent. The time to act is now. And we must all act together.

Virtually everyone understands that a strong, well-coordinated public transportation system is good for people, good for the environment and good for business. It is equally clear that any approach that pits part of the region against others in a battle for resources is doomed to failure. Rather than arguing about our differences, we must come together and focus on a shared vision and strategy for transit across the region.

That's exactly what we are doing.

Working with the CTA, Metra and Pace, we have launched a new, joint strategic planning process. In the coming months, we will think through the direction and shape our regional transit system should take in the future, decide on the practical steps that will take us there, price out those steps and then determine how to pay for them. It is an ambitious undertaking, but once the plan is complete, it will provide a united focus – a united purpose – and enable us to speak with a single, compelling voice when we seek additional financial support.

The first part of the process is already complete. We have finished drafting a preliminary statement of our vision and goals, and have begun to share it with many of the individuals and organizations that have a stake in our success. We welcome their input – and yours.

With the assistance of our riders, our communities, our Service Boards, elected officials and many others we look forward to refining our vision, making it a reality and taking the next step forward.



Jim Reilly
Chairman

Vision and Goals

Our vision is to be a world-class transportation system that is convenient, affordable, reliable and safe, and that is the keystone of the region's growing business opportunities, thriving job market, clean air and livable communities.

To achieve this vision, we will pursue four broad goals.

1

Provide transportation options

- Provide people with public transportation choices that link them to jobs and deliver cost-effective, dependable and on-time commutes
- Reduce regional dependence on peak period automobile use, the resulting congestion and impediments to goods movement, and national dependence on oil, by increasing the use of public transportation
- Facilitate the ease of use of public transportation for medical, shopping, cultural, educational and recreational purposes
- Connect communities within Northeastern Illinois and beyond, and facilitate connections among different modes of transportation

2

Ensure financial viability

- Ensure the sustained financial viability of public transportation as intrinsic to the region's multimodal transportation system
- Seek investments in public transportation that maximize beneficial returns
- Ensure that the passenger experience is of one seamless public transportation system
- Demonstrate measurable achievement in the provision of clean and attractive, affordable, safe, reliable and convenient public transportation services
- Continually enhance efficiencies through effective management, innovation and technology

3

Enhance livability and economic vitality

- Provide a public transportation system that protects the environment and supports the livability and economic vitality of the region
- Look for new opportunities to:
 - Encourage growth in corridors that support existing and planned vibrant and interconnected centers, discourage sprawl and reduce the cost of new infrastructure
 - Provide employers with access to a broader workforce, enhancing their competitiveness
 - Support opportunities to realize economic development goals and plans
 - Provide mobility for aging populations and people with disabilities
 - Preserve and provide access to open space and natural resources

4

Demonstrate value

- Create and sustain public understanding of the benefits of public transportation to individual health and well-being, regional economic vitality and sustainability, and as a catalyst for new opportunities for users and non-users alike

RTA BOARD OF DIRECTORS



1



2



3



4



5



6



7



8



9



10



11



12



13

- | | |
|---|--|
| 1 Jim Reilly, Chairman | 8 Fred T. L. Norris, Kane, Lake, McHenry and Will counties |
| 2 Carole L. Brown, Chicago Transit Authority | 9 Thomas H. Reece, City of Chicago |
| 3 Allan C. Carr, Suburban Cook County | 10 Michael Rosenberg, City of Chicago |
| 4 Patrick Durante, DuPage County | 11 Patrick V. Riley, Jr., Suburban Cook County |
| 5 Armando Gomez, City of Chicago | 12 Douglas M. Troiani, Suburban Cook County |
| 6 Dwight Magalis, Kane, Lake, McHenry and Will counties | 13 Rev. Addie L. Wyatt, City of Chicago |
| 7 Mary M. McDonald, Suburban Cook County | |

RTA EXECUTIVE DIRECTOR



Stephen E. Schlickman

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SPECIAL-PURPOSE COMBINING FINANCIAL STATEMENTS

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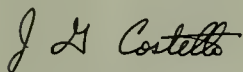
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Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ending December 31, 2005. This Report fulfills the requirements of section 4.05 of the RTA Act. This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the Northeastern Illinois Region.

The RTA's independent accountants have compiled the Combining Financial Statements Report. They have not subjected these statements to audit. The audited financial statements of each individual organization are available upon request.

As always, the RTA staff acknowledges the commitment by the RTA Board and the Service Boards to fiscal responsibility, to ensure financially sound public transportation in northeastern Illinois.



Joseph G. Costello
Senior Deputy Executive Director
Regional Transportation Authority

June 14, 2006

Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604

We have compiled the accompanying special-purpose combining financial statements of the Regional Transportation Authority and Service Boards as of December 31, 2005, and for the year then ended, and the supplementary and statistical information, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of management in the form of financial statements and supplementary and statistical information. We have not audited or reviewed the accompanying special-purpose combining financial statements and supplementary and statistical information and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying special-purpose financial statements and supplementary and statistical information were prepared for the purpose of complying with the statutory requirement of the Regional Transportation Authority Act as described in Note 1, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

June 14, 2006

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS

December 31, 2005

December 31, 2005	Service Boards					Combining		Total Combined
	RTA Government-Wide Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Adjustments Debit	Credit		
In thousands								
Assets								
Current Assets								
<i>Cash and investments</i>								
Restricted –								
cash and cash equivalents				20,546			20,546	
Unrestricted –								
cash and cash equivalents	17,214	45,696	46,177	9,442			118,529	
Restricted – investments	321,389						321,389	
Unrestricted – investments	120,892	28,211					149,103	
Unamortized bond issue costs	513						513	
<i>Receivables</i>								
Intergovernmental receivables	105,357						105,357	
Grant projects		11,542	35,039	1,900		16,003	32,478	
RTA financial assistance		120,740	46,850	23,308		27,127	163,771	
Other carriers			2,251				2,251	
Other receivables		113,037	5,789	4,244		1,120	121,950	
Interest on investments	536						536	
Materials and supplies		83,608	11,289	4,703			99,600	
Prepaid expenses	8,724	4,864	1,377	765			15,730	
Amount due under sale/ leaseback				4,073			4,073	
Total Current Assets	\$ 574,625	407,698	148,772	68,981		44,250	1,155,826	
Fixed Assets								
Plant, property and equipment	9,628	6,366,140	4,337,463	487,680			11,200,911	
Capital projects in progress			355,113				355,113	
Less accumulated depreciation	(2,751)	(3,388,537)	(2,013,993)	(299,909)			(5,705,190)	
Total Fixed Assets	\$ 6,877	2,977,603	2,678,583	187,771			5,850,834	
Other Assets								
Unamortized bond issue costs	11,323	8,175					19,498	
Investment relating to employee pension benefits plan		8,215					8,215	
Restricted assets		403,222					403,222	
Amount due under sale/ leaseback		1,649,768	282,375	93,672			2,025,815	
Total Other Assets	\$ 11,323	2,069,380	282,375	93,672			2,456,750	
Total Assets	\$ 592,825	5,454,681	3,109,730	350,424		44,250	9,463,410	

(continued)

SPECIAL-PURPOSE COMBINING STATEMENTS OF NET ASSETS (CONTINUED)

December 31, 2005

December 31, 2005		Service Boards			Combining		Total
	RTA	Chicago	Commuter	Suburban	Adjustments		
In thousands	Government-Wide	Transit	Rail	Bus	Debit	Credit	Combined
	Funds	Authority	Division	Division			
Liabilities							
Current Liabilities							
Vouchers payable	\$ 28	79,041	51,733	2,769			133,571
Accrued interest payable		3,357					3,357
Intergovernmental payables	43,130				43,130		
Due to other funds	10,898						10,898
Current portion of general obligation bonds payable	55,110	17,705					72,815
Current portion of unamortized bond premium	5,319						5,319
<i>Other current liabilities</i>							
Accrued other expenses	5,996	87,875	28,226	13,430	1,120		134,407
Unrealized revenue, capital grant		32,478					32,478
Deferred revenue, assistance and other	22,164	57,343	6,911	587			87,005
Capital lease obligation		88,823	17,193	4,073			110,089
Claims liability		62,432	9,214	11,490			83,136
Total Current Liabilities	\$ 142,645	429,054	113,277	32,349	44,250		673,075
Long-Term Liabilities							
General obligation bonds payable	2,101,045	318,330					2,419,375
Claims liability		106,526	23,014	11,411			140,951
Accrued interest payable	29,697						29,697
Capital lease obligation		1,647,854	265,181	93,672			2,006,707
Premium on capital lease payable		6,687					6,687
Deferred revenue	51,165	45,759					96,924
Accrued pension cost		1,022,192					1,022,192
Unamortized bond premium	125,514	26,007					151,521
Deferred rent	1,337						1,337
Other long-term liabilities		5,190		6,660			11,850
Total Long-Term Liabilities	\$ 2,308,758	3,178,545	288,195	111,743			5,887,241
Total Liabilities	\$ 2,451,403	3,607,599	401,472	144,092	44,250		6,560,316
Net Assets (Deficit)							
Invested in capital assets	6,877	2,767,809	2,678,583	187,772			5,641,041
Retained earnings			29,675				29,675
Fund equity restricted for:							
Service Boards capital	270,554						270,554
Debt service	16,079						16,079
Payment on obligations and others		64,511					64,511
Accumulated unrestricted (deficit)	(1,865,455)	(985,238)		18,560	1,095,585	1,095,585	(2,832,133)
Total Net Assets (Deficit)	\$ (1,858,578)	1,847,082	2,708,258	206,332	1,095,585	1,095,585	2,903,094

See Notes to Special-Purpose Combining Financial Statements and Independent Accountants' Compilation Report.

Year Ended December 31, 2005

Year Ended December 31, 2005		Service Boards			Combining Adjustments		Total
In thousands	RTA Government-Wide Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Debit	Credit	Combined
Revenues							
Service Boards operating revenues	\$	448,411	251,702	54,817	790		754,140
Sales taxes	105,059					595,336	700,395
Interest on sales taxes	137						137
Public Transportation Fund	175,668						175,668
Operating assistance (CTA)	54,252						54,252
State assistance	111,419						111,419
Investment income	25,622						25,622
Capital farebox financing			9,392				9,392
Program revenues and others	949						949
Total Revenues	\$ 473,106	448,411	261,094	54,817	790	595,336	1,831,974
Expenses							
Operating expenses		1,216,217	503,638	159,624		689	1,878,790
Depreciation		360,559	176,558	31,568			568,685
Financial assistance to Service Boards	168,076					168,076	
Operating grant – CTA	54,252					54,252	
Capital grants – discretionary	25,437					25,437	
Capital grants – bonds	251,693					251,693	
Insurance (JSIF)	4,624						4,624
Administrative expenses	6,534						6,534
Regional expenses	17,920					102	17,818
Technology program	1,822						1,822
Bond-related expenses	126,027						126,027
Total Expenses	\$ 656,385	1,576,776	680,196	191,192		500,249	2,604,300
Operating Loss	\$ (183,279)	(1,128,365)	(419,102)	(136,375)	790	1,095,585	(772,326)
Nonoperating Revenue (Expense)							
RTA financial assistance		495,885	241,728	80,052	817,665		
Leasehold revenue		4,262					4,262
Interest revenue from leasing transactions		117,247	18,216	6,718			142,181
Interest expense on leasing transactions		(112,561)	(18,216)	(6,718)			(137,495)
Interest expense on bond transactions		(20,360)					(20,360)
Other public funding		63,784	184,327	24,502			272,613
Capital grants		398,654	145,120	34,112	277,130		300,756
Investment income		19,705		966			20,671
Gain on sale of assets		8,177					8,177
Total Nonoperating Revenue (Expense)	\$	974,793	571,175	139,632	1,094,795		590,805
Changes in Net Assets	\$ (183,279)	(153,572)	152,073	3,257	1,095,585	1,095,585	(181,521)
Net Assets (Deficit)							
Beginning of year	\$ (1,675,299)	2,000,654	2,556,185	203,075			3,084,615
End of year	\$ (1,858,578)	1,847,082	2,708,258	206,332	1,095,585	1,095,585	2,903,094

See Notes to Special-Purpose Combining Financial Statements and Independent Accountants' Compilation Report.

SPECIAL-PURPOSE COMBINING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2005

Year Ended December 31, 2005			Service Boards		
	RTA Joint Self-Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Total Combined
In thousands					
Cash Flows From Operating Activities					
Fares received from passengers	\$	420,575	198,494	48,717	667,786
Payments to employees		(685,772)	(224,686)	(83,309)	(993,767)
Payments to vendors	(8,812)	(302,103)	(283,483)	(71,102)	(665,500)
Other receipts and payments		20,325	46,644	5,307	72,276
Net Cash From Operating Activities	\$	(8,812)	(263,031)	(100,387)	(919,205)
Cash Flows From Noncapital Financing Activities					
Financial assistance – operating		551,878	256,550	104,141	912,569
Net Cash From Noncapital Financing Activities	\$	551,878	256,550	104,141	912,569
Cash Flows From Capital and Related Financing Activities					
Activities					
Interest income from assets restricted for payment of leasehold obligations		117,247			117,247
Interest expense on leasehold obligations		(112,561)			(112,561)
Increase in assets restricted for payment of leasehold obligations		(21,464)		12,444	(9,020)
Payments of capital lease obligations		12,878		(12,444)	434
Financial assistance – grant projects		377,597	310,827	34,127	722,551
Proceeds from the sale of property and equipment		9,253			9,253
Bond proceeds (net)		(62,771)			(62,771)
Payments for capital acquisition		(358,473)	(319,760)	(33,985)	(712,218)
Net Cash From Capital and Related Financing Activities	\$	(38,294)	(8,933)	142	(47,085)
Cash Flows From Investing Activities					
Increase in investment					
Investment income	996	19,705	1,396	929	23,026
Sales and purchases of investments, net	7,305	58,297	2,000		67,602
Net Cash From Investing Activities	8,301	78,002	3,396	929	90,628
Net Increase (Decrease) in Cash and Cash Equivalents	(511)	44,611	(12,019)	4,826	36,907
Cash and Cash Equivalents – Beginning of year	17,725	1,085	58,196	25,162	102,168
Cash and Cash Equivalents – End of year	17,214	45,696	46,177	29,988	139,075
Reconciliation of Operating Activities					
Net loss from operations	(4,624)	(1,128,365)	(419,102)	(136,375)	(1,688,466)
Adjustments to reconcile operating loss to net cash from operating activities:					
Depreciation		360,559	176,558	31,568	568,685
Claims provision and settlement			(5,154)		(5,154)
State reduced fare assistance			(2,812)		(2,812)
Interest and dividends received			(1,396)		(1,396)
Changes in current assets and liabilities	(4,188)	220,831	(11,125)	4,420	209,938
Net Cash Flows From Operating Activities	\$	(8,812)	(263,031)	(100,387)	(919,205)

See Notes to Special-Purpose Combining Financial Statements and Independent Accountants' Compilation Report.

1. BASIS OF ACCOUNTING

The accompanying special purpose combining financial statements are presented as required by the Regional Transportation Authority (RTA) Act (Act) and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. The special purpose combining financial statements are not in accordance with accounting principles generally accepted in the United States of America primarily due to the RTA and Service Boards using different basis of accounting and due to the omission of significant disclosures. The RTA and each individual Service Board receive a separate audit of their financial statements in accordance with accounting principles generally accepted in the United States of America. These individual statements describe the basis of accounting for each entity and contain the omitted disclosures.

Intergovernmental receivables, payables, revenues, expenses, and expenditures have been eliminated in the Combining Adjustments columns; however, there are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these combining financial statements, such differences are recorded as combining adjustments to net assets.

The columns presenting the combined balances for the RTA and Service Boards are statutorily required and do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

NOTE 2. ORGANIZATIONAL STRUCTURE RTA

The RTA was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois Region (Region). The operating responsibilities of the RTA are set forth in the Act. The RTA is a unit of local government, body politic, political subdivision, and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. However, in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning, funding, and oversight entity. The reorganization placed all operating responsibilities in the Chicago Transit Authority (CTA) and two operating divisions of the RTA: the Commuter Rail Division (Metra) and the Suburban Bus Division (Pace), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the Act as the "Service Boards."

The Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA system as a whole achieves annually a "system-generated revenues recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of transportation services. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA is responsi-

ble for monitoring the budgets and financial performance of the Service Boards.

CTA

The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The Chicago City Council has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

Metra

The Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC), a public corporation, was established in 1980 to serve as the RTA's commuter rail service. The RTA Act, as amended effective November 9, 1983, established the Commuter Rail Division (CRD) to operate commuter rail transportation services. Both the NIRCRC and the CRD act under the registered service mark known as "Metra."

Metra has the responsibility for policy making with respect to actual day-to-day operations, capital investments, finances, fare levels, and service and facilities planning for its operations. Metra is responsible for the administration of all commuter rail activities in the metropolitan Chicago area, including deficit funding, capital grant application, and administration activities. Metra is directly responsible for the operation and management of the Rock Island, Milwaukee Road, Metra Electric, Heritage Corridor, North Central Service, and Metra Southwest Service commuter lines.

Metra also provides commuter rail service under Purchase of Service Agreements (PSA) with Union Pacific Railroad, Burlington Northern Santa Fe Railway Company, and Northern Indiana Commuter Transportation District. Under these agreements, Metra funds the commuter-related operating deficits (as defined) or is entitled to receive the commuter-related operating surpluses (as defined) of these carriers. In addition, Metra provides certain direct expenses such as fuel and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of the PSA carriers, other than capital improvements funded by federal and state agencies, the RTA, and Metra, is vested with the carriers. Accordingly, such assets are not reflected in these financial statements.

Pace

The RTA Act, as amended effective November 9, 1983, established the Suburban Bus Division (Pace) to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry, and Will. The independent operations of Pace commenced on July 1, 1984.

Pace determines the level, nature, and kind of public transportation services that should be provided in the suburban region. Pace operates suburban bus services using stock, structures, and equipment purchased through capital grants funded by federal and state agencies and the RTA.

Reporting Periods

The RTA, CTA, Metra and Pace (the Combined Entities) all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 2005 year-end.

NOTE 3. REPORTING ENTITY

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board's Statement No. 14 (Statement No. 14), *The Financial Reporting Entity*.

In the judgment of the management of each of the entities and their analysis and application of Statement No. 14 criteria, while the RTA does exercise some fiscal oversight, the Service Boards are not part of the RTA reporting entity for the purpose of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards in the United States.

In arriving at this conclusion, the following factors were considered:

- The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including: ownership of assets, relations with federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.
- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA, except for the Chairman of the CTA Board of Directors who is also an RTA Board member.
- The Illinois statutes required the RTA Board to approve the budgets of the Service Boards, if such budgets meet specified system-generated revenue recovery ratios and other requirements as defined by the Act.
- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficit.

Accordingly, financial statements for the Service Boards are not included or combined with the RTA's financial statements under Statement No. 14. They are combined, however, in these Combining Financial Statements. Section 4.05 of the RTA Act requires that the RTA prepare a report combining "the audits of the Service Boards, and reviewing the state of the Authority, the Service Boards, and the public transportation agencies."

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Combined Entities conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of the significant policies:

Fund Accounting

The RTA maintains records using a fund accounting model consisting of a General Fund, Debt Service Fund, Capital Projects Fund, Proprietary Fund, (Business-Type Activities), Agency Fund, and Pension Trust Fund. All Governmental Funds and the Agency Fund are accounted for using the modified accrual method of accounting (i.e., revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred). The Proprietary Fund and the Pension Trust Fund are accounted for using the accrual method of accounting. For the purpose of these combining financial statements, all RTA funds have been combined.

The Service Boards are accounted for on a Proprietary Fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these combining financial statements, the individual Service Board financial statements are combined with those of the RTA.

Cash and Cash Equivalents

All investments of the Combined Entities are recorded at fair market value, except short-term investments which are reported at cost or amortized cost that reasonably approximates fair market value.

For the purposes of the combining statements of cash flows, the Combined Entities consider all investments with original maturities of three months or less to be cash equivalents. Such amounts are included in the "Cash and Cash Equivalents" line items on the accompanying balance sheet.

New Accounting Standards

During the calendar year 2005, the RTA, CTA, Metra, and Pace, adopted GASB Statement 40, *Accounting and Financial Reporting for Deposit and Investment Risk Disclosures*. In March 2003, GASB released Statement 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3. Statement 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement are also disclosed.

Fixed Assets

All fixed assets are recorded at cost. Costs funded by Federal Capital Grants are recorded as capital items and are included in fixed assets. In calculating depreciation, the Combined Entities use the straight-line method. The estimated useful lives vary depending on the type of fixed asset. These useful lives range from more than one year to forty years.

Materials and Supplies

Each Service Board records its inventory at the lower of cost or market. The CTA and Metra use the average-cost method and Pace uses the first-in/first-out method to determine cost.

Compensated Absences

All four entities have recorded liabilities for vested vacation time in the year the time was earned. The entities account for compensated absences under GASB Statement No. 16, *Accounting for Compensated Absences*, whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability.

Revenues

The Combined Entities have five principal sources of revenue and other financial sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, RTA Sales Taxes); (3) funds appropriated to the RTA by statute through the state's Public Transportation Fund (PTF) established under the RTA Act; (4) state or federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Farebox Revenue

A major source of revenue to the Service Boards is fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Sales Tax

Sections 4.03 and 4.03.1 of the RTA Act, 70 ILCS 3615/4.03, authorizes the RTA to impose a series of taxes within the six-county metropolitan region by a vote of nine of its directors: a sales tax, a car rental tax, a motor fuel tax, an off-street parking tax, and a replacement vehicle tax.

The Act authorizes the RTA to impose a Retailers' Occupation Tax (ROT), a Service Occupation Tax (SOT) and a Use tax (UT). The RTA imposed this tax at the maximum rate in 1979. All of the RTA sales taxes are collected by the Illinois Department of Revenue under procedures that are largely identical to the corresponding state sales taxes.

The ROT is imposed on the gross receipts from the sale of tangible personal property at a rate of 0.75% in Cook County and 0.25% in the collar counties. Except for the tax on food and drugs, the RTA tax base is identical to the State retailers' occupation tax base. Consequently, when the state base is expanded or contracted by taxing or exempting receipts from specific transactions, e.g., the sale of computer software or rolling stock, the RTA tax base likewise expands or contracts. However, when the legislature exempted the sale of food and drugs from the state tax, the exemption was not extended to the RTA and other local government taxes. As a result the RTA tax on food and drugs is imposed at a rate of 1% throughout the six-county area.

The SOT is imposed on the gross receipts from the sale of tangible personal property as an incident to the sale of a service. The tax rate is identical to the ROT. The tax base is identical to the State service occupation tax base.

The UT is imposed on persons living in the six-county area for the privilege of using a vehicle purchased outside the six-county area that must be registered with the State. Unlike the state use tax, the RTA UT is limited to registered property,

largely automobiles. The tax is imposed on the selling price of the property at the same rates as the ROT.

The RTA Sales Tax is collected by the Illinois Department of Revenue (the "Department of Revenue"), and paid to the Treasurer of the State to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly directly to the RTA, without appropriation, by the State Treasurer on the order of the State Comptroller.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the State and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax, and State Service Occupation Tax portions of the RTA Sales Tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the Sales Tax Reform Act) aimed at simplifying the base and rate structure of taxes imposed by the State and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA Sales Tax in Cook County were reduced from 1% to 0.75%. In order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA Sales Tax, the Sales Tax Reform Act directed those portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax be paid to the RTA annually.

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the State but registered or titled with a state agency within the State (i.e., 0.25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the "CMTD Fund"). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (the Replacement Fund). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside the State but registered or titled with a state agency within the State, are deposited in the State and Local Sales Tax Reform Fund (the Reform Fund). Of the money paid into the Reform Fund, 10% is transferred into the Replacement Fund.

The Act provides that the RTA withhold 15% of the tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

Service Board	Collected Within Chicago	Collected Within Cook County Outside Chicago	Collected in DuPage, Kane, Lake, McHenry and Will Counties
CTA	100%	30%	
Metra		55	70%
Pace		15	30

The RTA recognizes as a receivable and revenue in the General Fund only the 15% of the total sales taxes collected to which it is entitled by the amended Act. The remaining portion of the sales tax is recorded in the Agency Fund. The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

Public Transportation Fund

In accordance with the Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the Public Transportation Fund (PTF), an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes). These amounts may be paid to the RTA only upon State appropriation. The State has approved an appropriation from the PTF through its 2005 fiscal year which will end on June 30, 2005.

None of the revenues from the PTF are payable to the RTA unless and until the RTA certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that it has adopted a budget and financial plan as called for by the Act. This certification has been submitted.

The amounts allocable to each of the Service Boards from funding received by the RTA from the State's PTF are allocated at the discretion of the RTA Board in connection with the review and approval of the annual and revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided that the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Reduced Fare Reimbursement

In the State's fiscal year 2005, which ends June 30, 2005, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation (IDOT) is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal years ended June 30, 2005 and June 30, 2006, the grants were in the amount of \$40 million and \$37 million, respectively. The revenue is recognized on the modified accrual basis when the amount is requested from IDOT.

Additional State Assistance/Additional Financial Assistance
The State has authorized Additional State Assistance (ASA) which is supplemental financing for the RTA's Strategic Capital Improvement Program (SCIP) bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the remaining bond proceeds, or (ii) \$55 million per year. The RTA recognized \$39 million of ASA in 2005.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance (AFA) to pay for debt service requirements for SCIP bonds authorized under the Illinois First Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) \$93 million and \$100 million in the State's fiscal year 2005 and 2006, respectively. The RTA recognized \$72 million of AFA in 2005.

In accordance with the Act, earnings on certain investments in the Capital Projects Fund are credited to the Debt Service Fund. This is done to compensate for prior State fiscal year earnings reducing the actual ASA and AFA grant amounts.

Management's Use of Estimates

The preparation of financial statements in conformity with the Act requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

Section 4.01(a) of the Act requires the RTA to prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The Service Boards' proposed budgets are based on the RTA's estimate of funds that will be available to the Service Boards by or through the RTA's own budget. This budget is comprehensive and includes the activity in the general fund and sales tax agency fund.

The annual budget and related appropriations are prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States, except for RTA capital expenditures and capital grants to Service Boards. The RTA capital expenditures and capital grants to Service Boards are budgeted on a project basis, which normally exceeds one year; and debt service payments, which are budgeted as transfers from the general fund. Budgets for RTA capital expenditures and capital grants to the Service Boards that extend beyond one year are presented in the first year of the grants and represent the total amounts awarded. In addition, for the sales tax agency fund, additions and deletions are treated as revenues and expenditures. All appropriations lapse at year-end. There were two budget amendments to the 2005 budget. The first (2005-54) amended the RTA budget to appropriate additional funding for the CTA and Pace, and amended the CTA budget. The second (2005-60) amended the RTA budget and amended the Pace budget and program. Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total adminis-

tration appropriations/expenditures. It is the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

- The first source of funds to be credited against the budgeted funding amount is from 85% of the sales tax receipts;
- The second source of funds to be credited against the budgeted funding amount is from PTF receipts; and
- The third source of funds credited against the budgeted funding amount is from RTA 15% of the sales tax receipts and other discretionary receipts.

The reimbursement of the Service Boards' capital expenditures and the payment of PTF funds, 15% funds, and other discretionary funds of the RTA shall be made under the terms and conditions of grant agreements governing such expenditures.

NOTE 6. LEASES

The RTA and CTA hold operating leases which are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals. Pace has multi-year leases for vehicles and bus tires.

CTA

In 2003, Public Building Commission of Chicago (PBC) issued revenue bonds for the benefit of the CTA in the amount of \$119 million. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building and facilities, including certain furniture, fixtures, and equipment. The real property, building and facilities, and all furniture, fixtures, and equipment are owned by the PBC and leased to the CTA for use as its headquarters. The bonds are payable from and secured by the lease entered into between the PBC and the CTA in March 2003 and are considered a general obligation of the CTA payable from any lawfully available funds. The present value of the future payments to be made by the CTA under the lease of approximately \$115 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligation.

In 2003, the CTA entered into a lease/leaseback agreement with a third party pertaining to certain buses, with a book value of \$29.6 million as of December 31, 2005. Under the bus lease agreement which provides certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately \$24.1 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligation.

During 2002, the CTA entered into two lease and leaseback agreements with a third party pertaining to certain buses (lot 1 and 2), with a book value of \$48.3 million as of December 31, 2005. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, the CTA entered into

a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately \$96.3 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligation.

During 2002, the CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment (QTE), with a book value of \$34.8 million as of December 31, 2005. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease. The present value of the future payments to be made by the CTA under the lease of approximately \$166.2 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligation.

During 1998, the CTA entered into a lease/leaseback agreement (1998 Agreement) with a third party pertaining to a rail line (Green Line), with a book value of \$289.1 million as of December 31, 2005. The 1998 Agreement, which provides certain cash and tax benefits to the third party, also provides for a trust established by the CTA to lease the rail line to an equity investor trust (1998 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (1998 Lease). The present value of the future payments to be made by the CTA under the lease of approximately \$271.3 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligation.

During 1997, the CTA entered into four lease/leaseback agreements (1997 Agreements) with a third party pertaining to certain of its facilities having a book value of \$55.9 million as of December 31, 2005. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (Equity Trust), which would then lease the facilities back to another trust established by the CTA under separate leases (Leases). The CTA received certain funds as prepayments by the Equity Trust. The funds have been deposited in designated investment accounts sufficient to meet the payments required under the Leases, and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due from the CTA and may take possession of the facilities upon a default by the CTA under the Lease. The present value of the future payments to be made by the CTA under the Leases (net of the payment due from the Equity Trust in 2022 and 2023) of approximately \$28.1 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligations. In connection with the 1997 Agreements, the CTA also received proceeds of \$11.9 million. The Federal Transit Administration (FTA) has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1996, the CTA entered into similar lease/leaseback agreements (1996 Agreements) with a third party pertaining to certain of its facilities, with a book value of \$60.7 million as of December 31, 2005. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust (1996 Equity Trust), which would then lease the facilities back to another trust established by the CTA under a separate lease (1996 Lease). The present value of the future payments to be made by the CTA under the leases (net of the payment due from the 1996 Equity Trust in 2024) of approximately \$28.3 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligations.

In connection with the 1996 Agreements, the CTA also received proceeds of \$10.9 million and agreed to make approximately \$80.0 million of improvements to one of the facilities. The FTA has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1995, the CTA entered into sale/leaseback agreements (1995 Agreements) with third parties. The 1995 Agreements provided for the CTA to sell and lease back certain rail equipment totaling \$487.1 million at cost for a period of 19 years beginning on the date of the respective transaction. As of December 31, 2005, the total payments due under the 1995 Agreements are recorded as capital lease obligations totaling \$1.007 billion. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum lease payments for capital leases due:

Year	Payment
2006	\$ 94,670
2007	114,742
2008	214,897
2009	99,396
2010	112,976
Thereafter	2,506,849
Total future minimum payments	\$ 3,143,530
Less interest	(1,406,853)
Present value of minimum lease payments	\$ 1,736,677

The present value of all future payments to be made by the CTA under all its leases of approximately \$1.7 million is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligations.

Metra

On September 18, 1998, Metra entered into a transaction to lease 174 railcars to three equity investors (headlease) and simultaneously subleased the railcars back (sublease). Under these agreements, Metra maintains the right to use the railcars and is also responsible for their continued maintenance and insurance. Metra's sublease arrangements have been

recorded as long-term obligations for accounting purposes. At closing, the railcars had a fair market value of approximately \$296.9 million and a book value of \$262.9 million. As part of the headlease agreements, Metra received prepayments equivalent to the net present value of the headlease obligations totaling approximately \$274 million. Metra transferred approximately \$177.4 million and \$52.9 million of the prepayment proceeds to third parties, in accordance with the terms of debt and equity payment undertaking agreements, respectively. These agreements constitute commitments by the debt and equity payment undertakers to pay Metra's sublease and buy-out options, under the terms of the subleases. The debt payment undertaker and equity payment undertaker are finance companies. Both the debt payment undertaker and the equity payment undertaker have AA+ and Aa1 bond ratings from Standard & Poor's and Moody's, respectively. Both finance companies' performance under the agreement is guaranteed by their parent company which carries the same ratings. In connection with the transaction, Metra recognized \$43.7 million as leasehold revenue in 1998. The net present value of the future payments due under the subleases has been recorded as a liability on the accompanying balance sheet. Since the debt and equity payment undertaking agreements have been structured to meet all future obligations under the subleases, the related asset balances have been recorded to equal the sublease liabilities on the accompanying balance sheet.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum lease payments for capital leases due:

Year	Payment
2006	\$ 17,193,268
2007	17,193,268
2008	25,239,685
2009	28,481,563
2010	20,947,382
Thereafter	421,962,321
Total future minimum payments	\$ 531,017,487
Less imputed interest	(248,642,790)
Present value of minimum lease payments	\$ 282,374,697

The present value of minimum lease payments of the Metra lease is \$282.4 million which is reflected in the accompanying December 31, 2005 statement of net assets as capital lease obligations.

Pace

During 2003, Pace entered into a lease and leaseback agreement with a third party pertaining to certain buses (lot 1, 2, and 3) with a book value of \$40.7 million as of December 31, 2005. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. Also, in 2003, Pace entered into a lease and leaseback agreement with a third party pertaining to certain buses (lot 4) with a book value of \$22.4 million as of December 31, 2005. Under the bus lease agreements, which provide certain cash and tax

benefits to the third party, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum lease payments for capital leases due:

Year	Payment
2006	\$ 4,072,866
2007	25,876,035
2008	
2009	
2010 - 2014	1,438,538
Thereafter	124,399,915
Total future minimum payments	\$ 155,787,354
Less interest	(58,042,681)
Present value of minimum lease payments	\$ 97,744,673

The present value of the future payments including the purchase option to be made by Pace under these leases are approximately \$63.1 million and \$34.6 million, respectively and are reflected in the accompanying December 31, 2005 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

7. COMMITMENTS AND CONTINGENCIES

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on its financial position as presented.

Each of the entities has also established liabilities for potential legal judgments to satisfy claims against the entity.

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

8. CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et seq. Each of the Combined Entities has established its own investment policy which is in line with the State statute or, in some cases, more restrictive.

The Combined Entities have on hand, as of December 31, 2005, \$610 million of cash and investments. Of this amount, \$420 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects. In addition, CTA, Metra, and Pace hold \$2.44 billion of investments in other assets for employee pension benefits, damage liabilities, and capital lease obligations, which are recorded as other assets in the financial statements.

9. GENERAL OBLIGATION BONDS PAYABLE

Changes during the year in bonds payable were as follows:

General Obligation	Jan. 1, 2005	New Issues	Current Retirements	Dec. 31, 2005	Due Within One Year
1990A	\$ 60,795,000			60,795,000	
1991A	55,745,000			55,745,000	
1992A* and 1992B	57,365,000		5,220,000	52,145,000	5,710,000
1994A* and 1994B	28,720,000		4,325,000	24,395,000	
1994C* and 1994D	73,595,000		3,505,000	70,090,000	3,790,000

1996 Refunding	146,770,000	146,770,000		
1997 Refunding	84,045,000	4,190,000	79,855,000	4,400,000
1999* Refunding	291,310,000	670,000	290,640,000	5,135,000
2000A*	248,515,000	4,245,000	244,270,000	4,480,000
2001A*	95,600,000	1,610,000	93,990,000	1,695,000
2001B Refunding	35,880,000	1,410,000	34,470,000	1,485,000
2002A*	155,435,000	2,430,000	153,005,000	2,555,000
2002B	182,380,000	9,125,000	173,255,000	9,400,000
2003A*	259,450,000	4,010,000	255,440,000	4,130,000
2003B	150,000,000	2,355,000	147,645,000	2,435,000
2003C Refunding	16,310,000	2,995,000	13,315,000	3,115,000
2004A*	260,000,000	1,010,000	258,990,000	3,985,000
2005B Refunding		148,110,000	148,110,000	2,795,000
Total	\$ 2,201,915,000	148,110,000	193,870,000	2,156,155,000

*Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2005, the total general obligation bonds payable of \$2,156,155,000 are classified as current and long-term in the Statement of Net Assets in the amounts of \$55,110,000 and \$2,101,045,000, respectively.

Current Refunding

On May 2, 2005, the RTA issued \$148 million in general obligation bonds with a variable rate which resets weekly to currently refund \$144 million of outstanding 1996A Series bonds with an average interest rate of 5.5 percent. The net proceeds of \$147 million (after payment of \$892 thousand for issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to call the 1996A Series bonds June 1, 2005. As a result, the 1996A Series bonds are considered to be redeemed and the liability for those bonds has been removed from the government-wide statement of net assets. The current refunding resulted in a redemption premium of \$2.9 million. The RTA completed the current refunding to reduce its total debt service payments with an estimated economic gain over the next 20 years of \$2.1 million.

Advance Refundings

On June 21, 1993, the RTA advance refunded a portion of its 1990A Series general obligation bond issue. The RTA issued \$23,265,000 of general obligation refunding bonds (1993C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, \$20,350,000 of outstanding general obligation bonds (1990A Series) are considered defeased, and therefore, have been removed from the financial statements.

On January 19, 1996, the RTA advance refunded a portion of its 1994B and 1994D Series general obligation bond issues. The RTA issued \$151,235,000 of general obligation refunding bonds (1996 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, \$60,300,000 of outstanding general obligation bonds (1994B Series) and \$75,605,000 of outstanding general obligation bonds (1994D Series) are considered defeased, and therefore, have been removed from the financial statements.

On September 18, 1997, the RTA advance refunded a portion of its 1990A, 1991A, 1992B, and 1993B Series general obligation bond issues. The RTA issued \$98,385,000 of general obligation refunding bonds (1997 Series) to provide

resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, \$4,230,000 of outstanding general obligation bonds (1990A Series), \$29,265,000 of outstanding general obligation bonds (1991A Series), \$18,170,000 of outstanding general obligation bonds (1992B Series), and \$47,465,000 of outstanding general obligation bonds (1993B Series) are considered defeased, and therefore, have been removed from the financial statements.

On August 24, 1999, the RTA advance refunded a portion of its 1992A, 1993A, 1994A, and 1994C Series general obligation bond issues. The RTA issued \$298,725,000 of general obligation refunding bonds (1999 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, \$113,895,000 of outstanding general obligation bonds (1992A Series), \$9,720,000 of outstanding general obligation bonds (1993A), \$142,615,000 of outstanding general obligation bonds (1994A) and \$21,955,000 of outstanding general obligation bonds (1994C) are considered defeased, and therefore, have been removed from the financial statements.

On March 1, 2001, the RTA advance refunded a portion of its 1993A Series general obligation bond issues. The RTA issued \$37,715,000 of general obligation refunding bonds (2001B Series). Proceeds from the issuance amounted to \$40,437,798 which includes a premium of \$2,554,206. The proceeds are to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, \$37,750,000 of outstanding general obligation bonds (1993A) are considered defeased, and therefore, have been removed from the financial statements.

On May 1, 2003, the RTA advance refunded a portion of its 1993C Series general obligation bond issues. The RTA issued \$19,055,000 of general obligation refunding bonds (2003C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, \$19,150,000 of outstanding general obligation bonds (1993C) are considered defeased, and therefore, have been removed from the financial statements.

Debt Service Requirements

The "debt service requirements" set forth in the following tables represent payments due the trustee from the RTA, as required by the respective bond agreements.

1990 General Obligation Bonds

In May 1990, the RTA issued \$100 million in General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the Service Boards.

The Series 1990A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semiannually thereafter on May 1 and November 1 in each remaining year.

Debt service requirements on the Series 1990A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$	4,377,240	4,377,240
2007		4,377,240	4,377,240
2008		4,377,240	4,377,240
2009		4,377,240	4,377,240
2010	3,810,000	4,377,240	8,187,240
2011 - 2015	23,590,000	17,353,440	40,943,440
2016 - 2020	33,395,000	7,547,040	40,942,040
Total	\$ 60,795,000	46,786,680	107,581,680

1991 General Obligation Bonds

In November 1991, the RTA issued \$100 million in General Obligation Bonds, Series 1991A, to replenish the Capital Projects Fund and to provide the source for paying costs of the Capital Program for the Service Boards.

The Series 1991A Bonds mature on November 1 over a thirty-year period and interest is payable at rates ranging from 4.85% to 6.55% on May 1, 1992 and semiannually thereafter on November 1 and May 1 in each remaining year.

Debt service requirements on the 1991A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$	3,734,914	3,734,914
2007		3,734,914	3,734,914
2008		3,734,915	3,734,915
2009		3,734,915	3,734,915
2010		3,734,915	3,734,915
2011 - 2015	18,085,000	16,955,354	35,040,354
2016 - 2020	30,325,000	8,815,525	39,140,525
2021	7,335,000	491,445	7,826,445
Total	\$ 55,745,000	44,936,897	100,681,897

1992 General Obligation Bonds

In June 1992, the RTA issued \$188 million in General Obligation Bonds, Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued \$30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards. The Series 1992A and 1992B Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 5.30% to 9.00% on December 1, 1992 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1992A and 1992B Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 5,710,000	3,712,221	9,422,221
2007	6,250,000	3,169,161	9,419,161
2008	6,840,000	2,554,801	9,394,801
2009	7,480,000	1,924,641	9,404,641
2010		1,345,281	1,345,281
2011 - 2022	25,865,000	222,278	26,087,278
Total	\$ 52,145,000	12,928,383	65,073,383

1994 General Obligation Bonds

In May 1994, the RTA issued \$195 million in General Obligation Bonds, Series 1994A, to pay the costs of purchasing and reconstructing railcars for Metra. Proceeds of Series

1994A Bonds may also be used to purchase new paratransit vehicles for Pace and for rehabilitation of railcars for the CTA. The RTA also issued \$80 million in General Obligation Bonds, Series 1994B, to pay the costs of reconstruction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 1994A and 1994B Bonds mature on June 1, over a thirty-year period and interest is payable at rates ranging from 3.75% to 8.00% on December 1, 1994 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994A and 1994B Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$	1,951,599	1,951,599
2007		1,951,600	1,951,600
2008		1,951,600	1,951,600
2009		1,951,600	1,951,600
2010		1,951,600	1,951,600
2011 – 2024	24,395,000	11,747,400	36,142,400
Total	\$ 24,395,000	21,505,399	45,900,399

In December 1994, the RTA issued \$62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the Service Boards required by the ADA for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued \$130 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA's rehabilitation of the Green Line elevated structure, track replacement and repair or replacement of bus supporting services, and for Pace's construction of bus garages and purchase of new buses and paratransit vehicles.

The 1994C and 1994D Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.30% to 7.75% on June 1, 1995 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994C and 1994D Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 3,790,000	5,285,112	9,075,112
2007	4,095,000	4,979,569	9,074,569
2008	4,420,000	4,649,612	9,069,612
2009	1,500,000	4,420,213	5,920,213
2010	1,620,000	4,299,312	5,919,312
2011 – 2015	15,255,000	19,121,382	34,376,382
2016 – 2020	39,410,000	7,059,863	46,469,863
Total	\$ 70,090,000	49,815,063	119,905,063

1997 General Obligation Refunding Bonds

In September 1997, the RTA issued \$98 million in General Obligation Bonds, Series 1997, to provide funds to refund in advance of maturity the RTA's outstanding Series 1990A Bonds, maturing November 1 in the years 2001-2002, in the aggregate amount of \$4 million, Series 1991A Bonds, maturing November 1 in the years 2002-2006, 2008 and 2011, in the aggregate amount of \$29 million, Series 1992B Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of \$18 million and Series 1993B Bonds, maturing

June 1 in the years 2004-2009, 2013 and 2023, in the aggregate amount of \$47 million.

The Series 1997 Refunding Bonds mature on June 1 over a twenty-six-year period and interest is payable at rates ranging from 4.00% to 6.00% on December 1, 1997 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1997A Refunding bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 4,400,000	4,475,600	8,875,600
2007	4,625,000	4,249,975	8,874,975
2008	4,875,000	4,000,288	8,875,288
2009	5,155,000	3,724,463	8,879,463
2010	5,445,000	3,432,963	8,877,963
2011 – 2015	18,215,000	13,705,788	31,920,788
2016 – 2020	22,515,000	7,925,850	30,440,850
2021 – 2025	14,625,000	1,206,750	15,831,750
Total	\$ 79,855,000	42,721,677	122,576,677

1999 General Obligation Refunding Bonds

In August 1999, the RTA issued \$299 million in General Obligation Bonds, Series 1999, to provide funds to refund, in advance of maturity, the RTA's outstanding Series 1992A Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of \$114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of \$10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015 and 2024, in the aggregate amount of \$143 million and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of \$22 million.

The Series 1999 Refunding Bonds mature on June 1 over a twenty-five-year period and interest is payable at rates ranging from 5.00% to 6.00% on December 1, 1999 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1999 Refunding Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 5,135,000	16,459,887	21,594,887
2007	5,395,000	16,196,637	21,591,637
2008	5,665,000	15,920,137	21,585,137
2009	7,670,000	15,586,762	23,256,762
2010	8,065,000	15,163,144	23,228,144
2011 – 2015	69,995,000	66,095,345	136,090,345
2016 – 2020	89,500,000	43,893,301	133,393,301
2021 – 2025	99,215,000	10,854,056	110,069,056
Total	\$ 290,640,000	200,169,269	490,809,269

2000 General Obligation Bonds

In June, 2000, the RTA issued \$260 million in General Obligation Bonds, Series 2000A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2000A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.75% to 6.25% on January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2000A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 4,480,000	15,396,138	19,876,138
2007	4,730,000	15,138,538	19,868,538
2008	4,995,000	14,866,563	19,861,563
2009	5,275,000	14,579,350	19,854,350
2010	5,575,000	14,276,038	19,851,038
2011 – 2015	33,185,000	65,926,376	99,111,376
2016 – 2020	44,465,000	54,253,314	98,718,314
2021 – 2025	60,095,000	38,497,126	98,592,126
2026 – 2030	81,470,000	16,531,775	98,001,775
Total	\$ 244,270,000	249,465,218	493,735,218

2001 General Obligation Bonds

In April 2001, the RTA issued \$100 million in General Obligation Bonds, Series 2001A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2001A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.00% to 6.00% on January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2001A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 1,695,000	5,527,738	7,222,738
2007	1,785,000	5,442,988	7,227,988
2008	1,880,000	5,344,813	7,224,813
2009	1,980,000	5,241,413	7,221,413
2010	2,090,000	5,132,513	7,222,513
2011 – 2015	12,315,000	23,698,814	36,013,814
2016 – 2020	16,210,000	19,533,150	35,743,150
2021 – 2025	21,335,000	14,372,250	35,707,250
2026 – 2030	28,095,000	7,224,000	35,319,000
2031	6,605,000	396,300	7,001,300
Total	\$ 93,990,000	91,913,979	185,903,979

In March 2001, the RTA issued \$38 million in General Obligation Bonds, Series 2001B, to provide funds to refund, in advance of maturity, the RTA's outstanding series 1993A Bonds, maturing June 1 in the years 2004-2008, in the aggregate amount of \$38 million.

The Series 2001B Refunding Bonds mature on June 1 over a twenty-three year period and interest is payable at rates ranging from 4.00% to 5.50% on June 1, 2001 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2001B Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 1,485,000	1,827,600	3,312,600
2007	1,555,000	1,755,488	3,310,488
2008	1,630,000	1,679,750	3,309,750
2009		1,639,000	1,639,000
2010		1,639,000	1,639,000
2011 – 2015	4,720,000	7,938,976	12,658,976
2016 – 2020	14,355,000	5,010,364	19,365,364

2021 – 2023	10,725,000	906,538	11,631,538
Total	\$ 34,470,000	22,396,716	56,866,716

2002 General Obligation Bonds

In March 2002, the RTA issued \$160 million in General Obligation Bonds, Series 2002A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2002A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 5.00% to 6.00% on July 1, 2002 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2002A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 2,555,000	8,961,188	11,516,188
2007	2,690,000	8,833,438	11,523,438
2008	2,835,000	8,698,938	11,533,938
2009	2,985,000	8,557,188	11,542,188
2010	3,150,000	8,407,938	11,557,938
2011 – 2015	18,520,000	39,271,401	57,791,401
2016 – 2020	24,390,000	33,283,525	57,673,525
2021 – 2025	32,300,000	25,105,800	57,405,800
2026 – 2030	42,795,000	14,227,200	57,022,200
2031 – 2032	20,785,000	1,888,200	22,673,200
Total	\$ 153,005,000	157,234,816	310,239,816

In June 2002, the RTA issued \$200 million in General Obligation Bonds, Series 2002B, to provide interim funding, as needed for a portion of the costs in connection with the reconstruction and expansion of rapid transit facilities operated by the CTA and to fund other public transportation projects.

The Series 2002B Bonds mature on June 1 over a seventeen-year period and interest is payable at rates ranging from 3.00% to 5.50% on December 1, 2002, and semi-annually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2002B Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 9,400,000	9,038,088	18,438,088
2007	9,710,000	8,560,338	18,270,338
2008	10,060,000	8,053,513	18,113,513
2009	10,450,000	7,515,125	17,965,125
2010	10,870,000	6,941,888	17,811,888
2011 – 2015	61,875,000	25,038,550	86,913,550
2016 – 2019	60,890,000	6,744,013	67,634,013
Total	\$ 173,255,000	71,891,515	245,146,515

2003 General Obligation Bonds

In May 2003, the RTA issued \$260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair and replacement of certain public transportation facilities for the Service Boards.

The Series 2003A Bonds mature on July 1 over a thirty-year period and interest is payable at rates ranging from 2.00% to 5.50% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 4,130,000	14,377,775	18,507,775
2007	4,335,000	14,212,575	18,547,575
2008	4,555,000	13,335,825	17,890,825
2009	4,790,000	13,768,075	18,558,075
2010	5,045,000	13,528,575	18,573,575
2011 – 2015	29,630,000	63,545,700	93,175,700
2016 – 2020	38,720,000	54,622,100	93,342,100
2021 – 2025	50,585,000	42,736,050	93,321,050
2026 – 2030	65,505,000	26,636,400	92,141,400
2031 – 2033	48,145,000	5,875,800	54,020,800
Total	\$ 255,440,000	262,638,875	518,078,875

In January 2003, the RTA issued \$150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2003B Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 4.00% to 5.50% on June 1, 2003 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2003B Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 2,435,000	7,967,925	10,402,925
2007	2,545,000	7,868,325	10,413,325
2008	2,675,000	7,763,925	10,438,925
2009	2,810,000	7,654,225	10,464,225
2010	2,955,000	7,538,925	10,493,925
2011 – 2015	17,220,000	35,254,351	52,474,351
2016 – 2020	22,330,000	29,881,202	52,211,202
2021 – 2025	29,030,000	22,857,426	51,887,426
2026 – 2030	37,750,000	13,638,233	51,388,233
2031 – 2033	27,895,000	2,462,007	30,357,007
Total	\$ 147,645,000	142,886,544	290,531,544

In May 2003, the RTA issued \$19 million in General Obligation Bonds, Series 2003C, to provide funds to refund, in advance of maturity, the RTA's outstanding series 1993C Bonds, maturing June 1 in the years 2004-2009, in the aggregate amount of \$19 million.

The Series 2003C Bonds mature on July 1 over a six-year period and interest is payable at rates ranging from 2.00% to 5.00% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003C Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 3,115,000	\$634,600	\$3,749,600
2007	3,240,000	510,000	3,750,000
2008	3,395,000	348,000	3,743,000
2009	3,565,000	178,250	3,743,250
Total	\$ 13,315,000	1,670,850	14,985,850

2004 General Obligation Bonds

In October 2004, the RTA issued \$260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2004A Bonds mature on June 1 over a thirty-year period and interest is payable at rates ranging from 5.00% to 5.75% on June 1, 2005 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2004A Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest	Total
2006	\$ 3,985,000	14,170,413	18,155,413
2007	4,190,000	13,966,038	18,156,038
2008	4,405,000	13,751,163	18,156,163
2009	4,635,000	13,525,163	18,160,163
2010	4,870,000	13,287,538	18,157,538
2011 – 2015	28,370,000	62,400,983	90,770,983
2016 – 2020	36,575,000	53,502,526	90,077,526
2021 – 2025	47,555,000	42,029,169	89,584,169
2026 – 2030	61,820,000	27,194,951	89,014,951
2031 – 2034	62,585,000	7,433,456	70,018,456
Total	\$ 258,990,000	261,261,400	520,251,400

2005 General Obligation Bonds

In May 2005, the RTA issued \$148 million in General Obligation Bonds, Series 2000B, to provide funds to refund in advance of maturity the RTA's outstanding Series 1996A Bonds, maturing June 1 in the years 2005-2025, in the aggregate amount of \$147 million. The Series 2005B Bonds mature on June 1 over a twenty year period and interest is payable at variable rates which reset weekly.

Debt service requirements on the Series 2005B Bonds to maturity are set forth below:

Year	Debt Service Requirements		
	Principal	Interest*	Total
2006	\$ 2,795,000	4,841,513	7,636,513
2007	2,940,000	4,746,885	7,686,885
2008	3,070,000	4,647,720	7,717,720
2009	6,535,000	4,489,238	11,024,238
2010	6,850,000	4,268,385	11,118,385
2011 – 2015	35,095,000	17,691,218	52,786,218
2016 – 2020	23,650,000	13,958,177	37,608,177
2021 – 2025	67,175,000	5,387,664	72,562,664
Total	\$ 148,110,000	60,030,800	208,140,800

*Interest was calculated using a rate of 3.3%.

All the bonds are recorded as current and long-term liabilities, as applicable, of the governmental activities in the government-wide statement of net assets, and are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The bonds are payable from all revenues and all other funds received or held by the RTA (except amounts in the Joint Self-Insurance Fund and amounts required to be held or used with respect to separate ordinance obligations) that lawfully may be used for retiring the debt.

The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State. If, for any reason, the required monthly debt service payment has not been made by the RTA, the trustee is to deduct it from the sales tax receipts. If all payments have been made, the funds are made available to the RTA for regular use.

Under the RTA Act, the Service Boards' farebox receipts and funds on hand are not available for payment of debt service.

In the Debt Service Fund, \$66 million in investments are available to service principal and interest payments of the RTA's long-term debt as of December 31, 2005.

0. PENSION

All eligible employees of the Combined Entities are covered under a pension plan. RTA employees, as well as nonunion employees of Metra and Pace, are covered under the RTA Pension Plan, which is a multi-employer, noncontributory, defined benefit cost sharing plan and trust. The union employees of Metra and Pace are covered under various other plans as required by their collective bargaining agreements.

The CTA maintains two single-employer defined benefit pension plans, the Employees' Retirement Plan and the Supplemental Retirement Plan, covering substantially all full-time permanent union and nonunion employees and Chicago Transit Board members. The Employees' Retirement Plan is governed by the terms of the employees' collective bargaining agreement. The Supplemental Retirement Plan, which includes the Retirement Plan for Board Members and the Supplemental Retirement Plan for selected Officers, Executives, Supervisory and Professional Employees, provides benefits, in addition to the Employees' Retirement Plan, to management employees in certain employment classifications and Chicago Transit Board members.

1. REGION-WIDE FINANCIAL INFORMATION

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation-related operations in the Northeastern Illinois region. This information includes the transportation-related results of the Service Boards' affiliated carriers. Accordingly, this region-wide information is presented in the combining region-wide schedules of revenues and expenditures and the combining region-wide statement of revenues and expenditures – budget and actual.

The basic financial statements of the RTA and the Service Boards used to prepare the combining statement of revenues and expenses do not include the aggregate of system-generated revenues and costs. The combining region-wide schedules of revenues and expenditures include the aggregate of all system-generated revenues and costs.

For purposes of the system-generated revenues recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with accounting principles generally accepted in the United States, with certain allowable adjustments as enumerated in the Act. Costs funded by Federal capital grants are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act.

The Act requires that the aggregate of all system-generated revenues equal at least 50% of the aggregated costs of providing such public transportation.

For 2005, the region-wide system-generated revenues recovery ratio is calculated from the Combining Region-Wide Schedules of Revenues and Expenditures – (Budget and Actual Budget Basis) as follows:

System-Generated Revenues Recovery Ratio	Revenues	Expenditures
CTA*	\$ 551,066	1,027,452
Metra**	261,094	481,878
Pace***	65,226	164,316
RTA****	16,587	25,601
Total	\$ 893,973	1,699,247

The RTA Board (Ordinance 2005-06) authorized the exclusion of added security costs from the Service Board expenditures including the allowable adjustments specified in the RTA Act. The amount that exceeds the RTA Act exclusion is added back to RTA system-generated expenses to calculate the System-Generated Revenue Recovery Ratio. The amount added to CTA and Metra expenditures was \$16.2 million and \$8.3 million, respectively. The region-wide system-generated revenues recovery ratio for 2005 equals 52.61%.

*The system-generated revenues recovery ratio for the CTA included leasehold revenues of \$4.3 million and excluded CTA expenditures for security costs of \$31.2 million. It also included in-kind services of \$21 million, both as revenues and expenditures.

**With respect to Metra, \$9.3 million of capital farebox financing was included in revenues. Metra's \$13.3 million security costs, \$14.1 million costs for lease of transportation facilities and \$2.7 million for funded depreciation to carriers were deducted from expenditures.

***Pace included in-kind services of \$4.7 million both as revenues and expenditures.

****The RTA added back \$1.7 million unrealized loss on swap valuation to its revenues. Also, the RTA excluded all capital related expenses of \$191 thousand.

These are allowable adjustments for the revenues recovery ratio computation per the Act. These adjustments are reflected in the region-wide information.

12. RECONCILIATION OF GOVERNMENT-WIDE TO REGION-WIDE REVENUES AND EXPENDITURES

RTA's government-wide financial statements do not include fiduciary fund financial statement information which is added in the region-wide presentation. As also stated in Note 11, in-kind services are added in the system-generated revenues and expenditures.

The following data (in thousands) reconciles the combining government-wide to region-wide schedules of revenues and expenditures:

In thousands	RTA	CTA	Metra	Pace
Government-wide revenues (page 25)	\$ 473,106	1,556,125	850,485	201,167
Federal operating grants				4,750
Sales tax agency fund	633,237			
Pension trust fund	11,789			
In-kind services		21,000		4,693
Unrealized loss on swap valuation	164			
Region-wide revenues (page 26)	1,118,296	1,577,125	850,485	210,610
Government-wide expenditures (page 25)	656,385	1,709,697	698,412	197,910
Sales tax agency fund	633,237			
Pension trust fund	6,089			
In-kind services		21,000		4,693
Security costs		(31,221)	(13,292)	
Lease of transportation facilities			(14,051)	
Capital (Depreciation, disposals/ additions)	(191)		(2,709)	
Region-wide expenditures (page 26)	1,295,520	1,699,476	668,360	202,603
Net revenues (expenditures)	\$ (177,224)	(122,351)	182,125	8,007

13. SUBSEQUENT EVENTS

On May 4, 2006, the Illinois General Assembly approved a bill requiring the CTA, beginning in 2009, to achieve a funded ratio of 90% for its employee pension plan by 2059. To meet the proposed funding level of 90%, CTA and its employees would have to contribute \$250 million annually to the pension plan. This would be an increase in contribution of approximately \$205 million annually over the current annual employer and employee combined contribution of approximately \$45 million. To meet this new required obligation as well as address the funding needed to meet normal operating needs caused by structural funding problems, CTA would require additional annual funding of approximately \$400 million beginning in 2009. Without additional funding and/or legislative authority to the region, CTA will be forced to implement massive service cuts and fare increases in order to meet this new pension contribution obligation.

SPECIAL-PURPOSE COMBINING GOVERNMENT-WIDE SCHEDULES OF REVENUES AND EXPENDITURES

Year Ended December 31, 2005

Year Ended December 31, 2005		Service Boards			Combining		Total
	RTA	Chicago	Commuter	Suburban	Adjustments		Combined
In thousands	Government- Wide Funds	Transit Authority	Rail Division	Bus Division	Debit	Credit	
Revenues							
Service Boards operating revenues	\$	476,293	251,702	55,783	790		782,988
RTA financial assistance		495,885	241,728	80,052	817,665		
Other public funding		63,784	184,327	24,502			272,613
Capital grants		398,654	145,120	34,112	277,130		300,756
Sales taxes	105,059					595,336	700,395
Interest on sales taxes	137						137
Public Transportation Fund	175,668						175,668
Operating assistance (CTA)	54,252						54,252
State assistance	111,419						111,419
Investment income	25,622						25,622
Program revenues and other	949						949
Leasehold revenue		4,262					4,262
Interest revenue from leasing transactions		117,247	18,216	6,718			142,181
Capital farebox financing			9,392				9,392
Total Revenues	\$ 473,106	1,556,125	850,485	201,167	1,095,585	595,336	2,580,634
Expenditures							
Operating		1,216,217	503,638	159,624		689	1,878,790
Depreciation		360,559	176,558	31,568			568,685
Financial assistance to Service Boards	168,076					168,076	
Operating grant – CTA	54,252					54,252	
Capital grants – discretionary	25,437					25,437	
Capital grants – bonds	251,693					251,693	
Insurance (JSIF)	4,624						4,624
Administrative expenses	6,534						6,534
Regional expenses	17,920					102	17,818
Technology program	1,822						1,822
Bond-related expenses	126,027	20,360					146,387
Interest expense from leasing transactions		112,561	18,216	6,718			137,495
Total Expenditures	\$ 656,385	1,709,697	698,412	197,910		500,249	2,762,155
Net Revenues (Expenditures)	\$ (183,279)	(153,572)	152,073	3,257	1,095,585	1,095,585	(181,521)

Note 1 – Changes in net assets shown on page 10 and net revenues and expenditures shown on this page are similar.

Note 2 – Government-wide to Region-wide revenues and expenditures shown on page 25 and 26, respectively, are reconciled in Note 12.

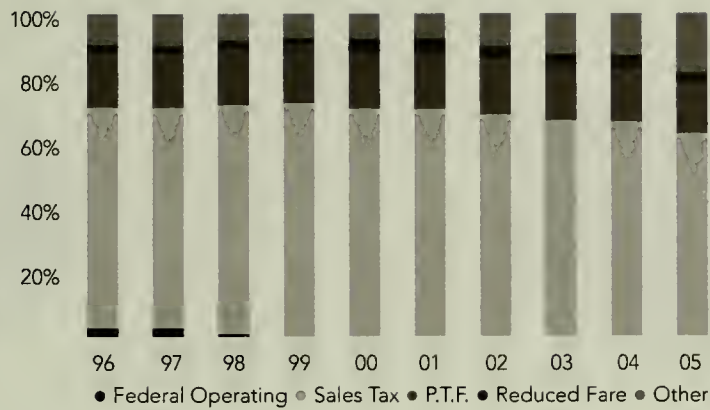
SPECIAL-PURPOSE COMBINING REGION-WIDE SCHEDULES OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (BUDGETARY BASIS)

Year Ended December 31, 2005

Year Ended December 31, 2005		Service Boards			Combining			Total
	RTA Govern- ment-Wide and Fiduciary Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Adjustments	Credit	Total Combined	Region-Wide Budget
In thousands					Debit			
Revenues								
RTA financial assistance	\$	495,885	241,728	80,052	817,665			
Other public funding		63,784	184,327	24,502			272,613	
Capital grants		398,654	145,120	34,112	277,130		300,756	
Interest revenue from leasing transactions		117,247	18,216	6,718			142,181	
Sales taxes	700,395						700,395	697,600
Public Transportation Fund	175,668						175,668	174,400
Operating assistance (CTA)	54,252						54,252	54,252
State assistance	111,419						111,419	109,186
State reduced fare reimbursement	37,127				37,127			
Pension contribution	6,800				711		6,089	
Investment income	15,237						15,237	
Interest on sales taxes to Service Boards	774				774			
Subtotal	\$ 1,101,672	1,075,570	589,391	145,384	1,133,407		1,778,610	1,035,438
Investment income	15,374						15,374	12,800
Other revenues	949			4,750			5,699	7,808
Interest on sales taxes	137						137	50
Service Boards revenues		476,293	251,702	55,783	790		782,988	793,651
Add (Subtract):								
In-kind services		21,000		4,693			25,693	26,693
Leasehold revenue		4,262					4,262	4,262
Capital farebox financing			9,392				9,392	9,166
Unrealized loss on swap valuation	164						164	
Subtotal	\$ 16,624	501,555	261,094	65,226	790		843,709	854,430
Total Revenues	\$ 1,118,296	1,577,125	850,485	210,610	1,134,197		2,622,319	1,889,868
Expenditures								
Pension and other employee benefits		194,771					194,771	
Depreciation		360,559	176,558	31,568			568,685	
Interest expenses from leasing transactions		112,561	18,216	6,718			137,495	
Interest expenses from bond transactions		20,360						
Operating grants to Service Boards	763,412					763,412		
CTA operating grant	54,252					54,252		
Capital grants – discretionary	25,437					25,437		
Capital grants – bonds	251,693					251,693		
State reduced fare reimbursement	37,127					37,127		
Regional expenses	10,713					102	10,611	
Bond-related expenses	126,027						126,027	
Interest on sales taxes to Service Boards	774					774		
Subtotal	\$ 1,269,435	688,251	194,774	38,286	1,132,797		1,037,589	
Operating expenses		1,021,446	503,638	159,624		689	1,684,019	1,641,955
Administrative expenses	6,534					711	5,823	6,542
Regional expenses	17,920						17,920	22,199
Technology program	1,822						1,822	8,613
Add (Subtract):								
In-kind services		21,000		4,693			25,693	26,693
Security costs		(31,221)	(13,292)				(44,513)	(50,003)
Lease of transportation facilities			(14,051)				(14,051)	(14,007)
Capital (depreciation, disposals/additions)	(191)		(2,709)				(2,900)	(2,857)
Subtotal	\$ 26,085	1,011,225	473,586	164,317		1,400	1,673,813	1,639,135
Total Expenditures	\$ 1,295,520	1,699,476	668,360	202,603		1,134,197	2,711,401	1,638,135
Net Revenues (Expenditures)	\$ (177,224)	(122,351)	182,125	8,007	1,134,197	1,134,197	(89,083)	250,790

RTA Revenue by Source

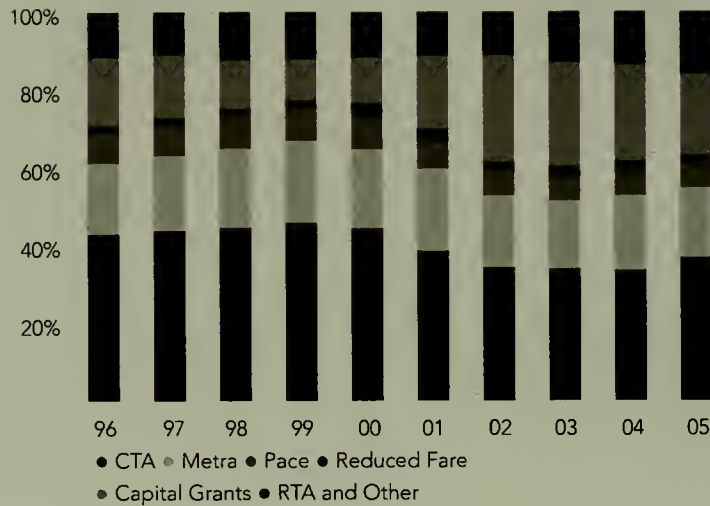
1996-2005



Last 10 Years In thousands	Federal Operat- ing Assistance	Sales Tax	Public Trans- portation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/96	\$ 21,598	532,304	133,044	20,435	73,978	781,359
Percentage of Total	2.76%	68.13%	17.03%	2.61%	9.47%	100%
12 Months Ended 12/31/97	21,591	555,496	139,093	19,243	79,935	815,358
Percentage of Total	2.65%	68.13%	17.05%	2.36%	9.81%	100%
12 Months Ended 12/31/98	6,746	576,704	144,846	19,837	66,980	815,113
Percentage of Total	0.83%	70.75%	17.77%	2.43%	8.22%	100%
12 Months Ended 12/31/99	0	613,514	153,343	19,386	63,624	849,867
Percentage of Total	0.00%	72.19%	18.04%	2.28%	7.49%	100%
12 Months Ended 12/31/00	0	650,284	162,247	38,759	71,947	923,237
Percentage of Total	0.00%	70.44%	17.57%	4.20%	7.79%	100%
12 Months Ended 12/31/01	0	653,522	164,987	39,531	71,742	929,782
Percentage of Total	0.00%	70.29%	17.74%	4.25%	7.72%	100%
12 Months Ended 12/31/02	0	647,685	165,665	36,260	95,167	944,777
Percentage of Total	0.00%	68.55%	17.53%	3.84%	10.07%	100%
12 Months Ended 12/31/03	0	654,988	164,739	39,662	122,517	981,906
Percentage of Total	0.00%	66.70%	16.78%	4.04%	12.48%	100%
12 Months Ended 12/31/04	0	675,628	170,397	40,153	132,664	1,018,842
Percentage of Total	0.00%	66.31%	16.72%	3.94%	13.02%	100%
12 Months Ended 12/31/05	0	700,395	175,668	37,127	204,904	1,118,094
Percentage of Total	0.00%	62.64%	15.71%	3.32%	18.33%	100%

Distribution of Expenditures

1996-2005

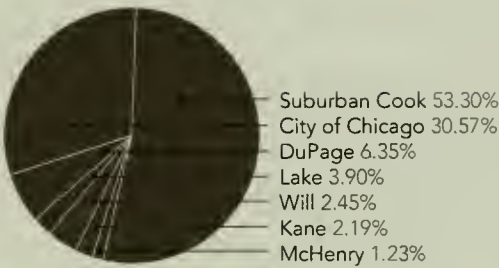
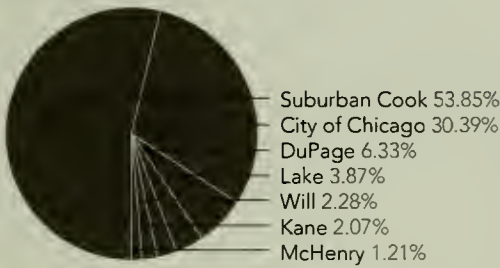


Last 10 Years In thousands	Financial Assistance				Reduced Fare	Capital Grants	RTA and Other	Total
	CTA	Metra	Pace	Total				
12 Months Ended 12/31/96	\$ 372,479	\$ 158,042	\$ 66,496	\$ 597,017	\$ 20,435	\$ 149,215	\$ 103,587	\$ 870,254
Percentage of Total	42.80%	18.16%	7.64%	68.60%	2.35%	17.15%	11.90%	100%
12 Months Ended 12/31/97	377,198	166,083	67,337	610,618	19,243	136,680	97,701	864,242
Percentage of Total	43.64%	19.22%	7.79%	70.65%	2.23%	15.82%	11.30%	100%
12 Months Ended 12/31/98	377,265	172,198	69,100	618,563	19,837	103,859	106,464	848,723
Percentage of Total	44.45%	20.29%	8.14%	72.88%	2.34%	12.24%	12.54%	100%
12 Months Ended 12/31/99	384,810	177,784	70,482	633,076	19,386	86,913	103,436	842,811
Percentage of Total	45.66%	21.09%	8.36%	75.11%	2.30%	10.31%	12.28%	100%
12 Months Ended 12/31/00	402,126	184,559	71,772	658,457	38,759	102,806	108,546	908,568
Percentage of Total	44.26%	20.31%	7.90%	72.47%	4.27%	11.32%	11.94%	100%
12 Months Ended 12/31/01	419,005	230,343	75,002	724,350	39,531	201,548	124,952	1,090,381
Percentage of Total	38.43%	21.13%	6.88%	66.44%	3.63%	18.48%	11.45%	100%
12 Months Ended 12/31/02	441,632	238,955	79,052	759,639	36,260	351,041	147,086	1,294,026
Percentage of Total	34.13%	18.47%	6.11%	58.71%	2.80%	27.13%	11.37%	100%
12 Months Ended 12/31/03	453,488	233,632	82,747	769,867	39,662	354,083	175,838	1,339,450
Percentage of Total	33.86%	17.44%	6.18%	57.48%	2.96%	26.43%	13.13%	100%
12 Months Ended 12/31/04	441,630	252,493	79,051	773,174	40,153	323,869	182,417	1,319,613
Percentage of Total	33.47%	19.13%	5.99%	58.59%	3.04%	24.54%	13.82%	100%
12 Months Ended 12/31/05	495,885	241,728	80,052	817,665	37,127	277,130	220,202	1,352,124
Percentage of Total	36.67%	17.88%	5.92%	60.47%	2.75%	20.50%	16.29%	100%

Sales Tax Revenue Source by County/City of Chicago

2004

2005



Last 10 Years In thousands	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/96	165,051	292,319	34,370	9,044	17,929	5,096	8,495	532,304
Percentage of Total	31.01%	54.92%	6.46%	1.70%	3.37%	0.96%	1.60%	100%
12 Months Ended 12/31/97	163,366	313,113	36,482	9,301	18,980	5,329	8,925	555,496
Percentage of Total	29.41%	56.37%	6.57%	1.67%	3.42%	0.96%	1.61%	100%
12 Months Ended 12/31/98	176,816	314,886	39,278	10,011	20,413	5,760	9,540	576,704
Percentage of Total	30.66%	54.60%	6.81%	1.74%	3.54%	1.00%	1.65%	100%
12 Months Ended 12/31/99	187,966	333,513	41,764	10,761	22,238	6,528	10,744	613,514
Percentage of Total	30.64%	54.37%	6.81%	1.75%	3.62%	1.06%	1.75%	100%
12 Months Ended 12/31/00	199,056	354,307	42,741	11,589	23,985	6,942	11,664	650,284
Percentage of Total	30.62%	54.48%	6.57%	1.78%	3.69%	1.07%	1.79%	100%
12 Months Ended 12/31/01	197,370	357,522	42,498	11,796	25,017	7,122	12,197	653,522
Percentage of Total	30.20%	54.71%	6.50%	1.80%	3.83%	1.09%	1.87%	100%
12 Months Ended 12/31/02	195,417	353,999	40,961	12,256	24,913	7,373	12,766	647,685
Percentage of Total	30.17%	54.66%	6.32%	1.89%	3.85%	1.14%	1.97%	100%
12 Months Ended 12/31/03	198,383	356,386	40,916	12,828	24,968	7,599	13,905	654,985
Percentage of Total	30.29%	54.41%	6.25%	1.96%	3.81%	1.16%	2.12%	100%
12 Months Ended 12/31/04	205,355	363,792	42,785	13,954	26,150	8,160	15,432	675,628
Percentage of Total	30.39%	53.85%	6.33%	2.07%	3.87%	1.21%	2.28%	100%
12 Months Ended 12/31/05	214,134	373,317	44,495	15,328	27,348	8,635	17,138	700,395
Percentage of Total	30.57%	53.30%	6.35%	2.19%	3.90%	1.23%	2.45%	100%

Legal Debt Capacity

2005

Balance Outstanding at
December 31, 2005

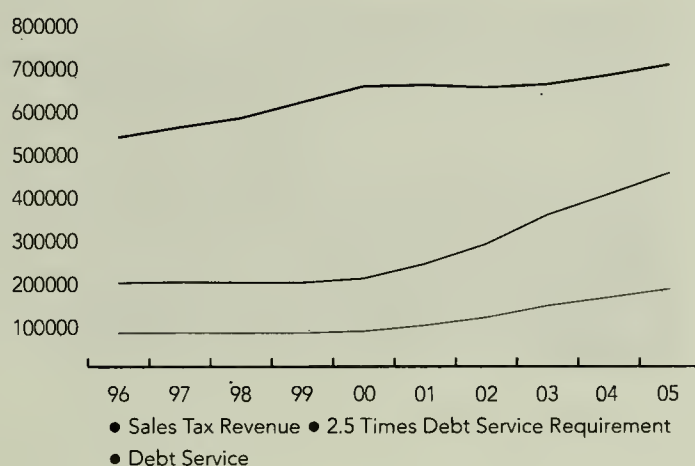
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Legal Debt Margin

Debt Limitation per Act for General Obligations			\$	2,600,000,000
Debt applicable to limitation				
Non-SCIP Bonds				
1990A General Obligation Bonds	\$	60,795,000		
1991A General Obligation Bonds		55,745,000		
1992B General Obligation Bonds		7,180,000		
1994B General Obligation Bonds		7,095,000		
1994D General Obligation Bonds		37,670,000		
1997 General Obligation Refunding Bonds		79,855,000		
2002B General Obligation Bonds		173,255,000		
2003B General Obligation Bonds		147,645,000		
2003C General Obligation Refunding Bonds		13,315,000		
2005B General Obligation Refunding Bonds		148,110,000		
Total RTA Bonds Applicable to Limitation		<u>730,665,000</u>		(730,665,000)
SCIP Bonds				
1992A General Obligation Bonds		44,965,000	\$	188,000,000
1993A General Obligation Bonds				55,000,000
1994A General Obligation Bonds		17,300,000		195,000,000
1994C General Obligation Bonds		32,420,000		62,000,000
1999 General Obligation Refunding Bonds		290,640,000		
2000 General Obligation Bonds		244,270,000		260,000,000
2001A General Obligation Bonds		93,990,000		100,000,000
2001B General Obligation Refunding Bonds		34,470,000		
2002A General Obligation Bonds		153,005,000		160,000,000
2003A General Obligation Bonds		255,440,000		260,000,000
2004A General Obligation Bonds		258,990,000		260,000,000
Total SCIP Bonds Applicable to Limitation			\$	<u>1,540,000,000</u>
Total SCIP Bonds Outstanding		<u>1,425,490,000</u>		
Total Bonds Outstanding	\$	<u>2,156,155,000</u>		
Debt Margin for General Obligations				<u>\$329,335,000</u>
Debt Limitation per Act for Working Cash Notes				<u>100,000,000</u>
Total Legal Debt Margin			\$	<u>\$429,335,000</u>

Comparison of Sales Tax Revenue to Debt Service Requirement

1996-2005
In thousands



As defined in the Bond and Note General Ordinance, ordinance 85-39, Section 909 (3), revenue test required that all RTA revenues "shall equal or exceed two and one-half (2.5) times the maximum annual debt service requirements." In the graph presented above, the RTA compares 2.5 times debt service requirement to sales tax revenues, a major RTA revenue. In effect, the RTA significantly exceeds the revenue test defined in the ordinance.

Last 10 Years In thousands	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Sales Tax Revenue	\$ 532,304	555,496	576,704	613,514	650,284	653,522	647,685	654,985	675,628	700,395
Debt Service Requirement	77,639	78,359	77,883	77,866	81,676	95,187	113,526	140,607	159,702	179,536
2.5 Times Debt Service Requirement	194,098	195,898	194,708	194,665	204,190	237,968	283,815	351,518	399,255	448,840

Differences, if any, between debt service amounts presented above and amounts presented in the accompanying financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

Ratio of Annual Debt Service Requirements for General Obligation Bonds to Total Expenditures

Last 10 Years In thousands Year	Debt Service Requirements			Total Expenditures	Ratio of Debt Service to Total Expenditures
	Principal	Interest	Total		
1996	13,113	64,526	77,639	870,254	8.92%
1997	13,898	64,461	78,359	864,242	9.07%
1998	16,124	61,759	77,883	848,723	9.18%
1999	16,988	60,878	77,866	842,811	9.24%
2000	22,949	58,727	81,676	908,568	8.99%
2001	19,805	75,382	95,187	1,090,381	8.73%
2002	27,262	86,264	113,526	1,294,026	8.77%
2003	37,940	102,667	140,607	1,339,450	10.50%
2004	40,430	119,272	159,702	1,319,613	12.10%
2005	49,570	129,966	179,536	1,352,124	13.28%

Federal Allocation of Capital Funds to Northeastern Illinois

Sections 5309, 5307 and Title 1 including CMAQ and STP (formerly Sections 3, 9 and 23, respectively).

Last 10 Calendar Years In millions Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division
1996	233.97	131.92	84.48	17.57
1997	228.42	127.56	80.28	20.58
1998	252.95	142.97	88.17	21.81
1999	299.59	162.67	111.49	25.43
2000	336.65	177.17	132.89	26.59
2001	355.47	184.46	145.75	25.26
2002	430.08	225.42	174.29	30.37
2003	463.90	256.70	173.50	33.70
2004	493.16	291.76	168.05	33.35
2005	536.54	330.08	174.51	31.95
Total	\$ 3,630.73	2,030.71	1,333.41	266.61

Source of data: Information obtained from the Service Boards' records.

Service Board Operating Characteristics

2005

Chicago Transit Authority

Rapid Transit

- 7 rail routes
- 144 stations served
- 1,190 rapid transit cars
- 12.9 million riders per month

Motor Bus

- 152 bus routes
- 2,025 buses
- 25.3 million riders per month

Paratransit

- 200 thousand riders per month

Other

- 1.1 billion passenger rail miles per year
- 12.4 million rail miles per year
- 798 million passenger miles per year
- 80 million vehicle miles per year

Metra Commuter Rail Division

- 546 route miles
- 1,189 miles of track
- 244 stations
- 144 locomotives
- 828 passenger cars
- 251 electric cars
- 709 weekly trains operated
- 96.3% on-time performance
- 6.3 million riders per month (excluding 79% South Shore)
- Other*
- 1.5 billion passenger miles per year
- 40 million vehicle miles per year

Pace Suburban Bus Division

Fixed Route

- 157 regular routes
- 55 feeder routes
- 2 subscription routes
- 22 shuttle routes
- 579 vehicles in use during peak periods
- 3.1 million riders per month

Paratransit

- 63 local services
- 380 Pace-owned lift-equipped buses in service
- 216 communities served
- 132 thousand riders per month

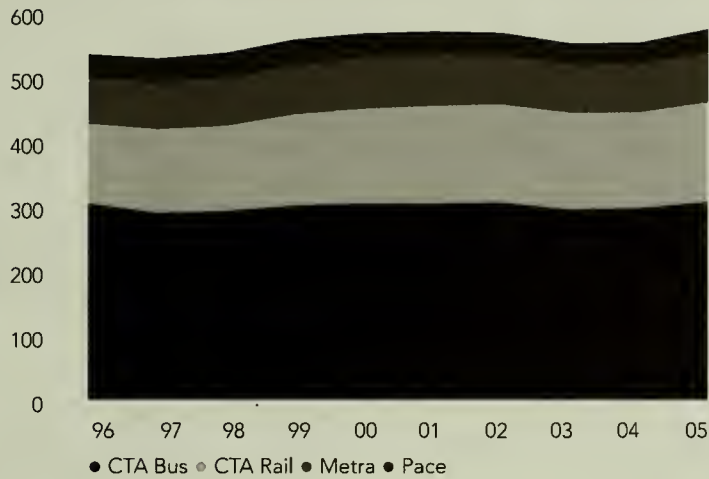
Other

- 596 vanpools in operation
- 36.88 million riders for the year
- 12 million passenger miles per year
- 10 million vehicle miles per year

Source of data: Information obtained from the Service Boards' records.

System Ridership/Unlinked Passenger Trips

1996-2005
In millions



Last 10 Years In millions	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Service Consumed										
CTA – Bus	303.3	288.8	291.7	300.2	303.3	303.1	304.8	293.7	296.2	305.6
CTA – Rail	124.0	130.0	132.4	141.7	147.2	151.7	152.4	150.3	148.8	155.0
Total CTA	427.3	418.8	424.1	441.9	450.5	454.8	457.2	444.0	445.0	460.6
Metra	70.6	72.3	74.5	76.6	78.8	79.2	76.8	74.8	74.4	77.0
Pace	37.5	37.9	39.3	40.2	38.6	37.0	34.8	33.7	34.1	36.9
System Total	535.4	529.0	537.9	558.7	567.9	571.0	568.8	552.5	553.5	574.5
Percent Change	0.2%	(1.2%)	1.7%	3.9%	1.6%	0.5%	(0.4%)	(2.9%)	0.18%	3.79%

Source of data: Information obtained from RTA's records.

Financial Results of Purchased Services Agencies

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency that had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2005.

In thousands	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
CTA					
Art's Transportation Co.	\$ 418	6,659	(6,241)	6,241	
Cook-DuPage Transportation Co.	850	23,271	(22,421)	22,421	
SCR Transportation	686	12,833	(12,147)	12,147	
Taxi Access Program	901	7,638	(6,737)	6,737	
Total CTA	\$ 2,855	50,401	(47,546)	47,546	
Metra					
Union Pacific	\$ 62,739	151,679	(88,940)	88,940	
Burlington Northern/Santa Fe	38,363	59,036	(20,673)	20,673	
Northern Indiana Commuter Transportation District (NICTD)	3,692	7,482	(3,790)	3,790	
Total Metra	\$ 104,794	218,197	(113,403)	113,403	
Pace					
Summary of Services					
Fixed Route – Public Funded Carriers	\$ 1,590	3,009	(1,419)	1,419	
Fixed Route – Private Contract Carriers	3,045	8,575	(5,530)	5,530	
Total Fixed Route Service	4,635	11,584	(6,949)	6,949	
Private Contract Carriers					
DAR Services	636	7,221	(6,585)	3,015	3,570
DAR and Stable Services	1,582	1,750	12,487	(10,905)	10,905
Total Private Contract Carriers	2,218	19,708	(17,490)	13,920	3,570
Paratransit – Municipal Carriers	586	6,448	(5,862)	1,143	4,719
Total Pace	\$ 7,439	37,740	(30,301)	22,012	8,289
Pace					
Detail of Services					
Fixed Route – Public Funded Carriers					
City of Highland Park	\$ 418	1,061	(643)	643	
Village of Niles	532	1,237	(705)	705	
Village of Downers Grove	543	604	(61)	61	
Northwestern University	97	107	(10)	10	
Total	\$ 1,590	3,009	(1,419)	1,419	
Private Contract Carriers – Fixed Route					
Academy Coach Lines	\$ 619	1,845	(1,226)	1,226	
Colonial Coach Lines	165	772	(607)	607	
Laidlaw Transit	1,384	4,470	(3,086)	3,086	
M V Transportation	14	67	(53)	53	
Cook County School Bus	723	1,207	(484)	484	
Village of Schaumburg	140	214	(74)	74	
Total	\$ 3,045	8,575	(5,530)	5,530	
Private Contract Carriers – Dial-a-Ride Services					
Addison	\$ 3	48	(45)	5	40
Aurora		1			
Barrington	1	66	(65)	34	31
Bloomington Township	35	360	(325)	223	102
Central Lake	9	132	(123)	89	34
Central Will	74	679	(605)	358	247

Pace Detail of Services, Continued In thousands	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
<i>Private Contract Carriers – Dial-a-Ride Services, continued</i>					
Downers Grove	\$ 14	150	(136)	102	34
DuPage County	10	73	(63)	63	
DuPage Township	12	172	(160)	107	53
Elk Grove	25	269	(244)	56	188
Freemont Township	1	10	(9)		9
Hampshire Township	1	11	(10)	8	2
Hanover Township	3	22	(19)		19
Hometown	1	19	(18)	5	13
Leyden Township	23	229	(206)	31	175
McHenry Township	120	1,782	(1,662)	1,119	543
Milton Township	8	143	(135)	97	38
N. Suburban Cook	4	69	(65)	65	
Naperville/Lisle	71	634	(563)	289	274
Northeast Lake – Warren	11	251	(240)	204	36
Northeast Lake – Zion	1	19	(18)	9	9
Northwest Lake	23	284	(261)	261	
Northwest Suburban Cook	3	24	(21)	(2)	23
Ride DuPage	166	1,382	(1,216)	(153)	1,369
South Cook	3	20	(17)	17	
Southwest Lake – Cuba	1	5	(4)	2	2
Southwest Lake – Wauconda	5	23	(18)	12	6
Southwest Will	1	20	(19)	13	6
Village of Bloomingdale	1	15	(14)	(1)	15
Village of Skokie/West Cook		228	(228)	(58)	286
Wayne Township	6	81	(75)	59	16
Total	\$ 636	7,221	(6,585)	3,015	3,570
<i>Private Contract Carriers – Dial-a-Ride and Stable Services (ADA Services)</i>					
DuPage County	\$ 51	553	(502)	502	
Kane County	56	533	(477)	477	
North Suburban Cook	417	3,730	(3,313)	3,313	
Northeastern/Central Lake	137	1,237	(1,100)	1,100	
South Cook	710	4,659	(3,949)	3,949	
Southwest/Central Will	25	337	(312)	312	
West Cook	186	1,438	(1,252)	1,252	
Total	\$ 1,582	12,487	(10,905)	10,905	
<i>Paratransit – Municipal Carriers</i>					
Aurora	\$ 26	458	(432)	68	364
Batavia	3	55	(52)	9	43
Bensenville	25	238	(213)	43	170
Berwyn/Cicero	7	131	(124)	15	109
Bloom	22	307	(285)	59	226
Crestwood	6	86	(80)	17	63
Dundee	6	81	(75)	15	60
Ela	28	169	(141)	45	96
Elgin	19	111	(92)	51	41
Forest Park	10	117	(107)	29	78
Fox Lake/Grant	2	8	(6)	2	4
Frankfort	12	155	(143)	22	121
Harvard	14	112	(98)	28	70
Lemont	4	66	(62)	12	50
Lyons	13	253	(240)	35	205
Norridge	17	83	(66)	30	36
Oak Park	27	306	(279)	60	219
Orland Park	28	351	(323)	53	270

Pace Detail of Services, Continued
In thousands

	Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
<i>Paratransit – Municipal Carriers, continued</i>					
Palatine	\$ 12	214	(202)	26	176
Palos Hills	13	78	(65)	21	44
Park Forest	21	156	(135)	38	97
Peotone	21	241	(220)	55	165
Rich Township	86	627	(541)	49	492
Schaumburg	63	903	(840)	161	679
St. Charles	17	150	(133)	20	113
Stickney	19	274	(255)	52	203
Tinley Park	9	78	(69)	19	50
Vernon	4	103	(99)	7	92
Woodstock	43	376	(333)	78	255
Worth Township	9	161	(152)	24	128
Total	\$ 586	6,448	(5,862)	1,143	4,719



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